



Fact Sheet



Fact Sheet

Local, Small & Disadvantaged Business Certification Program

The LSDBE Program was established in 1992 under the “Equal Opportunity for Local, Small and Disadvantaged Business Enterprises Act.” The Act, as amended in 1998, is D.C. Law 12-268. The Sheltered Market Program established under The Minority Contracting Act of 1976, effective March 29, 1977 (D.C. Law 1-95), was declared unconstitutional by the U.S. Court of Appeals in *O’Donnell Construction v. District of Columbia*, 963 F.2d 420 (D.C. Cir. 1992). As a result thereof, the sheltered market program for minority businesses was discontinued and the D.C. City Council enacted a new program, “Equal Opportunity for Local, Small, and Disadvantaged Business Enterprises Act” in 1992. Businesses may be certified in designations as follows:

Disadvantaged Business Enterprise (DBE)

An applicant for DBE certification shall demonstrate to the Commission that individuals representing at least 51 percent of those who own, operate and control the business enterprise are:

- (a) Socially disadvantaged because the individual(s) have faced chronic, not fleeting, instances of prejudice or bias without regard to their qualities as individuals over which they have no control due to their identity as members of a group as evidenced by the following:
 - 1. Documentation proving that the individual(s) seeking socially disadvantaged status as members of a group hold themselves out as members of the group.
 - 2. Documentation proving that the individual(s) seeking socially disadvantaged status have been isolated from the mainstream of American society not common to business persons not socially disadvantaged;
 - 3. Documentation providing that the individual(s) seeking socially disadvantaged status have personally suffered social disadvantage through treatment they have experienced; and
- (b) Economically disadvantaged because of diminished opportunities that have precluded these individuals from successfully competing in the open marketplace as evidenced by the following documentation:
 - 1. The personal financial condition of the individuals seeking economically disadvantaged status;
 - 2. The financial condition of the business enterprise; and
 - 3. The applicant’s lack of access to credit, capital and the open market which is not common to business persons in general.

To qualify, individuals must submit a letter that demonstrates historic, economic and social discrimination and your letter must be signed and notarized. In addition to the letter and DBE Form, individuals must submit personal income tax return and a personal financial statement.

Local Business Enterprise (LBE)

LBE is a business enterprise whose principal office is physically located in the District of Columbia, licensed by the District and subject to District of Columbia taxes.



Fact Sheet



Small Business Enterprise (SBE)

SBE is a local business or a business enterprise that has satisfied the requirements established in Section 6 (13) of the Act, which has had average annualized gross receipts (for three years preceding certification) and does not exceed the following limits:

Industry Type	Average Annual Gross Receipts
Construction:	
Heavy (street, highway, bridges, etc.)	\$ 23 million
Building (general construction, etc.)	\$ 21 million
Specialty Trades	\$ 13 million
Goods & Equipment	\$ 8 million
General Services	\$ 19 million
Professional Services:	
Personal (hotel, beauty, laundry, etc.)	\$ 5 million
Business Services	\$ 10 million
Health & Legal Services	\$ 10 million
Health Facilities Management	\$ 19 million
Manufacturing Services	\$ 10 million
Transportation & Hauling Services	\$ 13 million
Financial Institutions	\$300 million

Benefits

Disadvantaged Business Enterprises (DBEs) are eligible to receive three (3) points in the case of proposals or three (3) percent reduction in price in the case of bids. Local Business Enterprises (LBEs) are eligible to receive four (4) preference points in the case of proposals or four (4) percent reduction in price in the case of bids. Resident Business Ownership (RBOs) are eligible to receive three (3) preference points in the case of proposals or three (3) percent reduction in price in the case of bids. A two-tier small business set-aside program at the contract level that shall:

1. Include a separate set-aside program for small business enterprises with gross revenues of \$1 million or less;
2. Provide that a business becomes ineligible for participation in this set-aside Program when the business has gross revenues in excess of \$1 million for two consecutive years;
3. Set-aside programs for all small business enterprises, and for local and disadvantaged business enterprises, at the subcontracting level; and
4. A set-aside program for local, small, or disadvantaged business enterprises for the Blanket Order Blitz at the contract level.

Joint Ventures

A Joint Venture means a combination of property, capital, skills or knowledge of two or more persons or businesses to carry out a single project. The Commission shall certify a joint venture when an LBOC approved SBE affiliates itself with another entity to form a joint venture for an SBE set aside solicitation if:



- (a) The non-SBE partner demonstrates to the Commission that its size does not exceed the size limitations set forth in the Act; or
- (b) The Commission determines that the certification of the joint venture with an entity exceeding the size limitations of the act would not be detrimental to the SBE Set-Aside Program.

Enterprise Zone

Businesses that are located within an Enterprise Zone or an area for which an application for designation as an Enterprise Zone has been submitted will be eligible for two (2) preference points in the case of proposals and/or in the case of bids, a two (2) percent reduction in price.

The following locations represent the economic development zones for the District of Columbia, approved pursuant to D.C. Law 7-177, "Economic Development Zone Incentives Amendment Act of 1988."

1. The Alabama Avenue economic development zone, which is bordered on the north by the east side of Fort Staton Park, SE and Suitland Parkway, SE and the northern property line of St. Elizabeths Hospital and Alabama Avenue, SE, on the south by Southern Avenue, SE, on the northeast along Fort Baker to 28th Street, SE, south on 28th Street to Denver Street, SE, south on Denver Street, SE, to Naylor Road, SE, and southeast on Naylor Road, SE to Southern Avenue, SE, and on the west by South Capital Street, SE, as designated in Mayor's Order 86-193, dated October 27, 1986 (33 DCR 7798);
2. The D.C. Village economic development zone, which is bordered by I-295 on the west and south, Martin Luther King, Jr. Avenue, SW, on the east, and Laboratory Road, SW, on the north, as designated in Mayor's order 86-193, dated October 27, 1986 (33 DCR 7798);
3. The Anacostia economic development zone, which is bordered from the west span of the 11th Street Bridge, south to Martin Luther King, Jr. Avenue, SE and S Street, SE, east on S. Street, SE, to Naylor Road, SE, south to Altamont Place, SE, south to Good Hope Road, SE, south along the west boundary of Fort Stanton Park to Suitland Parkway, SE, crossing Suitland Parkway, SE, at Robinson Place, SE, northwest along the north property-line of Saint Elizabeths Hospital that includes approximately 40 acres adjacent to Barry Farms on the north property-line, including the area around the Point, and adjacent to the I-295 Expressway right way on the south property line, to the west property-line of Saint Elizabeths Hospital, east to Milwaukee Place, SE, southeast to Martin Luther King, Jr. Avenue, SE, south to Portland Street, SE, west to South Capital Street, SE, north to Anacostia Drive, SE, east to the west span of the 11th Street Bridge.

For an area in which an application for designation has been submitted or has been designated by the United States Secretary of Housing and Urban Development as an enterprise zone pursuant to 42 U.S.C. § 11501 et seq., enter your business address (principal office must be in D.C.) and zip code at www.hud.gov/ezec/locator (EZ/EC Locator) to determine if your business is located in an enterprise zone. Please submit a copy of the results (print-out) with your application for certification and/or recertification.

Waiver Provisions

Applicants whose principal offices are not physically located in the District of Columbia may qualify for certification as SBE and DBE if they meet certain waiver provisions. The waiver provisions are based on an applicant's ability to demonstrate strong economic ties to the District



Fact Sheet



of Columbia. These applicants must first satisfy the waiver provisions in order to be eligible for certification consideration.

All information should be submitted to the Certification Division, D.C. Office of Local Business Development, 441 4th Street, NW, Suite 970N, Washington, D.C. 20001. For more information, please contact the Certification Division staff at 202-727-3900.

LSDBE Certification Expiration

1. Expiration:

All certifications expire two years from the date of issuance.

How to read your certification number:

Sample **LSDZR 12-2001-12345** means:

Business Classification (Local, Small, and Disadvantaged, Enterprise Zone, and Resident Business Ownership) Month 12, Year 2001, Certification No. 12345

2. Re-Certification:

Applications should be submitted not less than ninety (90) days before the date of expiration.

Anticipate recertification:

Sample **Expiration January 2000** means

Submitted for renewal review in October 1999

3. Changes/Eligibility Status:

The Local Business Opportunity Commission (LBOC) shall be notified of any changes that may affect the eligibility for certification of the applicant. See 27 DCMR Section 812.6 of the D.C. Municipal Regulations on LSDBE Contracting.

Notify LBOC of:

Change of address and telephone numbers

Change of ownership and/or control

Other pertinent changes that affect the make-up of the company as presented in your LSDBE certification application

Note: Failure to inform the LBOC of these changes can result in the revocation of your certification.

4. Bidding:

A copy of the LSDBE certification letter must be attached to the front of all bid proposals for the Local, Small and Disadvantaged Business Enterprises Program pursuant to 27 DCMR Sections 804.8 (b), 818.2.

Penalty Provision

The Corporation Counsel may bring a civil action in the Superior Court of the District of Columbia against a business enterprise and the directors, officers, or principals that is reasonably believed to have obtained certification by fraud or deceit or to have furnished substantially inaccurate or incomplete ownership information to the Commission. If found guilty under this subsection a civil penalty of up to \$100,000 can be imposed in accordance with D.C. Law 12-268.